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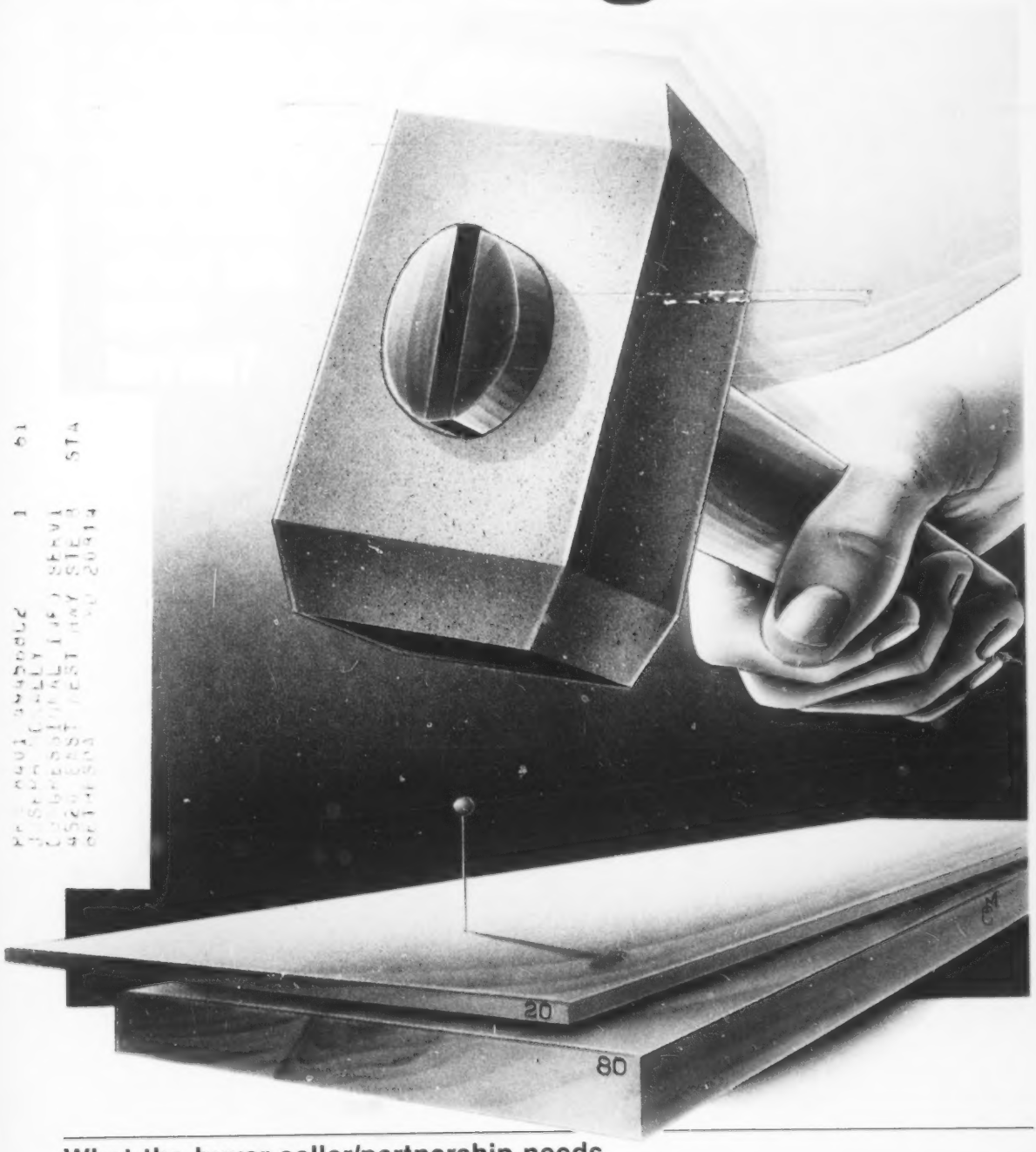


What the buyer seller/partnership needs

Benefits and risks of self-help gas

How to get MRO electronics JIT

CONTENTS

May 1988, Vol. 32 No. 5

COVER STORY

30 **Ways to break the 80/20 rule in MRO buying**
It's time to apply sophisticated purchasing techniques to MRO buying. *PurchasingWorld* magazine gathered suggestions and comments from MRO buyers and suppliers.

35 **MRO distributors find fault with buyers**
The MRO distributor can be a real asset to the MRO buyer—but too often the buyer fails to take advantage.

38 **How to get MRO electronics JIT**
Having trouble getting your hands on a specialized electronics part to stop your company's production line from grinding to a halt?

40 **Controlling the costs of MRO**
In Part II of this two-part series, Arthur D. Little's Richard Cadwallader says that improving in-plant efficiency and good MRO buying go hand-in-hand.

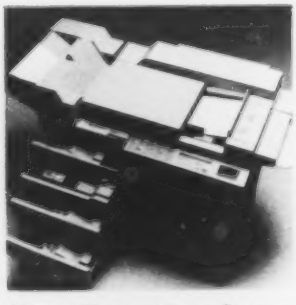
FEATURES

9 **Price pressure eases after early spurt**
The latest NAPM Business Survey of purchasing managers reveals that the recent price runup in basic commodities may be slowing down soon.

17 **Expansion keeps on rollin'**
There are credible signs—automotive production levels, consumer durables sales, industrial capacity rates—that the 6-year business expansion will continue.

There are ways to get out from under the old 80/20 rule when it comes to MRO buying
page 30

Bob Jamison of Lever Brothers talks about purchasing's role in packaging
page 46



PW's office section explores new copying machines and what they can do
page 51

42 **Benefits offer driver shortage solution**
Trucking companies are trying innovative programs involving better working conditions and more educational programs to fill the increasingly empty drivers' seats.

46 **Purchasing packaging: what to do, where to get help**
PurchasingWorld interviewed Bob Jamison of Lever Brothers and one of his suppliers, John McDonald of Continental.

47 **Corrugated, plastics lead packaging prices**
According to the Wharton Econometric Forecasting Associates (WEFA) group, prices will be going up.

48 **Packaging prices going up**
In *PW's* own survey, buyers' predictions put a fine point on packaging price predictions for the near term future, with the resulting graphic explanations.

54 **Using purchasing to procure professional services**
Purchasing is the logical department to handle the procurement of professional services, says this San Diego purchasing manager.

74 **What the buyer-seller partnership requires**
Columnist Lou DeRose gives 10 essential elements to a true partnership effort between vendors and purchasers.

81 **Does the buyer have the warranty?**
There are three little words—merchantability, and as is—which are extremely important in determining who has the warranty.

PurchasingWorld

PW POINTERS

Automatic/executive office door closer

Ever want to close, or open, your office door without the time and energy it takes to leave your desk, go to the door and close it, and return to your desk? A device originally designed for penal institutions to close jail doors electronically has been redesigned for business use by the Executive Door Closer Co.

When Occidental Petroleum had their penthouse offices refurbished, Dr. Armand Hammer had all of his executive offices equipped with the door closer, which company officials promote as being, "The touch of class." By simply pushing a button on their desk, Occidental executives can open or close their office doors without any wasted time or motion.

The door closer comes in two models, at $335 or $425 each including shipping. Additional 10 and 15% discounts are available on orders of three each or more. **Circle 91**

Tennant video, and book, aim at quality programs

A videotape, *Quest for Quality* is available from Tennant Co., to help businesses implement a quality improvement process. Tennant's eight-year experience in quality improvements has resulted in a company savings of over $5.6 million. In 1986, the company's quality program was ranked Number One for all manufacturers by author Tom Peters (*In Search of Excellence).*

Quest for Quality, also available in a book format, provides step-by-step advice based on proven methods, including those of Philip Crosby, author and consultant on quality. A foreword by Tom Peters is also included in the video, as well as in the handbook, that provides further details on establishing a quality program. **Circle 93**

Advanced senior management procurement program begins

An intensive program in senior procurement management, "Global Purchasing Strategies" is being offered for the first time by Babson College's School of Executive Education, June 26-July 1, in conjunction with Purchasing Management Association of Boston. This five-day residential program, to be held at Babson's new Executive Education Center, is designed for executives responsible for planning and managing the international dimensions of their company's activities in purchasing and sourcing. Faculty include both internationally-experienced professors and executives from companies considered trendsetters in international procurement. **Circle 92**

Are you entitled to a 99% refund on import duties?

If your firm imports, manufactures and exports, or imports, stores and exports, then your import duties may be refundable. Duty Drawback Service, Inc., has available a booklet that details the criteria which may qualify your firm for a refund (drawback) on import duties. Basically, the booklet explains, if you import directly, through a supplier, or through a chain of suppliers, and you export manufactured products, store and resell imports, or return/reject imports, you may be entitled to a 99% duty drawback (refund).

Duty Drawback Services, licensed customs brokers and drawback specialists since 1956, can determine whether you're a candidate for such refunds. Uncovering refunds is their only business. For more information **Circle 89**

PurchasingWorld

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Price pressure eases after early spurt

Price pressures seem to be simmering down a bit after a somewhat disturbing early 1988 spurt.

In any event, fewer purchasing managers responding to the latest NAPM Business Survey committee survey report being socked with new boosts (52% at latest report *versus* 63% a month earlier).

There is some indication that the big runup in basic commodities—most notably nonferrous metals and plastics—may be about to slow down. Indeed, there is even the possibility for moderate corrections in some of these sectors by summer or fall—as 1) speculative fevers die down, 2) additional production capacity slowly comes on line, and 3) industrial production gains begin to decelerate after midyear.

On the metal front, Wharton Econometric Forecasting Associates (the WEFA Group) sees the nonferrous metal category as a whole rising only 1-2% at annual rate for the rest of 1988—a far cry from the huge double-digit rate increases of the past few quarters.

The consulting firm's forecast for all primary stage (crude) materials is equally encouraging. The increase here for all of 1988 is put at only 1.2%—far under the 6.9% figure of last year.

Not everything will be decelerating. Thus while basic materials should be taking a breather, some modest speedup is predicted for more highly fabricated lines. This is virtually inevitable—given the need to pass through recent raw material increases.

Machinery and equipment, meantime, will also be prodded by relatively strong demand from both domestic and export sources. Even so, increases here will remain quite moderate—with averages advancing at perhaps a 3-4% rate—not that much above the 1-2% pace of the past few quarters.

There are some good reasons for this optimistic forecast. For one, demand is not likely to grow as fast as in recent quarters. Right now, for example, all signs point to about a 3-4% increase in industrial output at annual rate through year-end—well under the 7-8% rate of the last six months of 1987.

The cost side of the price equation also doesn't look all that bad in light of continuing wage restraint. Unit labor costs may rise a percentage point or so above last year's levels. But that would still leave this critical price determinant in the 3-4% range this year—a level consistent with only modest cost-push pressures.

Still another reassuring factor is the slowdown of the decline in the value of the dollar which, other things being equal, should begin to halt the rise in import prices.

The Fed, too, should also help reassure those who continue to worry about a new inflationary spiral. The small price acceleration of recent months has already prompted money managers to slow down on monetary growth.

Chemical price projections

Figure on chemical price averages advancing faster than the general price level—not only for the next few years but into the 1990s as well.

That's what analysts at Probe Economics are telling their clients these days. For a large number of product lines, the Mount Kisco, NY-based chemical research outfit projects annual increases of 6% or more—though there are a few exceptions (see table).

Why these kinds of increases? Rising raw material input costs are partly to blame. Thus oil, recently quoted in the mid-teens, could rise to near $47/barrel by the end of the century. And over the same time span, natural gas (wellhead basis) could jump from $1.70/mcf to near $6.35/mcf.

There's another reason for the bigger-than-average overall chemical price projection—relatively high plant operating rates. The chemical price boosts anticipated won't be enough, says Probe, to justify new domestic grass roots capacity. The majority of new expansion will take place overseas.

This will permit enough global capacity, but it would leave domestic availability short of needs. The inescapable conclusion is that there will be more dependence on imports—particularly in ethylene derivatives. On the other hand, a few chemicals such as propylene and benzene should be in relatively good domestic supply.

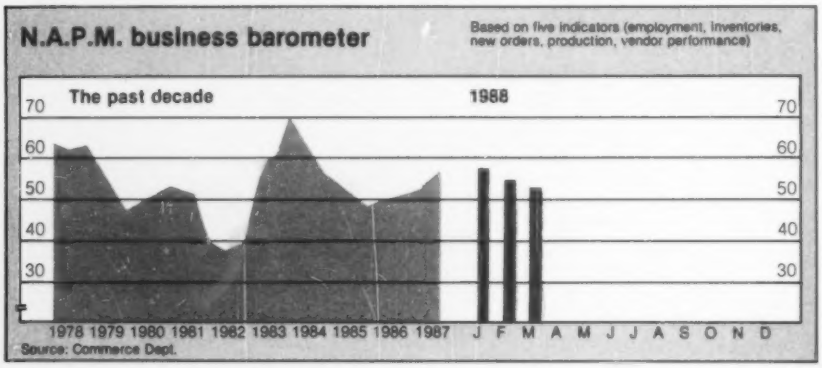
As for the specific price forecasts, the tightness in ethylene is likely to result in an average 6.8% increase over the 1986-1990 period. Derivatives such as polyethylene are expected to advance at an even heftier 10% annual rate. And polystyrene—dependent on fast-rising benzene and styrene—could be up by 12% a year.

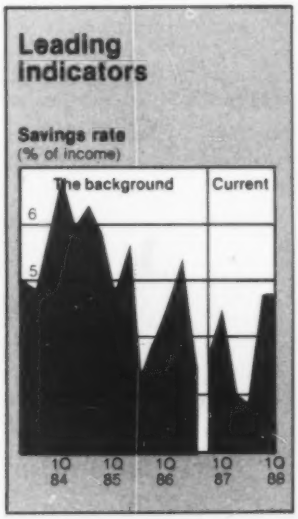
Chemical Price Trends

A medium and long-term outlook

Basic Organics	Average Annual Increase 1986-90	1990-95
Ethylene	6.8	6.4
Propylene	9.2	8.5
Butadiene	0.8	5.0
Benzene	9.2	7.8
Styrene	7.7	5.1
Methanol	3.4	11.6
Thermoplastics		
LDPE	10.0	5.2
HDPE	10.0	4.8
Polypropylene	5.0	6.0
Polystyrene	7.0	4.7
Polyvinyl chloride	12.0	4.8
Inorganics & Fertilizers		
Ammonia	9.0	7.8
Chlorine	4.7	4.6
Caustic soda	9.1	5.6
Soda ash	1.0	3.7
Sulfuric acid	1.2	5.5
Urea	8.7	7.7

Source: Probe Economics


N.A.P.M. business barometer
Based on five indicators (employment, inventories, new orders, production, vendor performance)
The past decade
1988
70
60
50
40
30
1978 1979 1980 1981 1982 1983 1984 1985 1986 1987
J F M A M J J A S O N D
Source: Commerce Dept.



KEY ECONOMIC TRENDS

Expansion keeps on rollin'

The current business expansion—now well into its sixth year—shows no sign of faltering.

Much of the current strength can be traced to consumer buoyancy. Analysts had figured John Q. Public would pull in his horns following last October's stock market crash. But this has not proven to be the case.

Automobile sales, for example, have been holding up quite well. During 1Q 1988, domestically produced car sales have averaged above 7.5 million units annually—significantly above the 6.8-7.0 million pace predicted just a few months ago.

This, in turn, has prompted automakers to raise their production targets. The Big Three now plan to produce about 1,815,000 vehicles in the second quarter—up about 1% from a year ago and in contrast to earlier predictions for a small decline.

The current consumer firmness is not limited to the automotive sector. Sales of other durables—notably furniture and home electronics—have been quite good.

In any event, consumer confidence, as reported in recent buying attitude surveys, remains quite high. And the savings rate seems to have stabilized at a relatively low 4.8%. Contrast that to a few years back when as much as 6-7% of disposable income was being socked away (see chart).

But consumers aren't the only factor holding up the economy these days. Business confidence also remains high. A new survey shows that top executives are predicting more gains during the current quarter.

This, plus good profits and some capacity tightness, is resulting in a step-up in capital spending, clearly evident in the machine tool order pickup. Totals here at last report were running near $300 million month—nearly double the year-earlier pace.

And indications are that this upbeat news will continue. Right now it looks like the overall non-electrical machinery category (less volatile than machine tools viewed separately) will sport as much as a 7-8% increase in production this year—well above 1987's 5% advance.

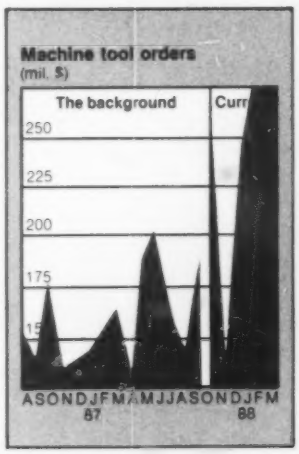
Much of the gain will be due to exports, where a weak dollar has made U.S. equipment more competitive in most world markets. This same dollar impact, of course, is making importing these big-ticket machines less attractive, too.

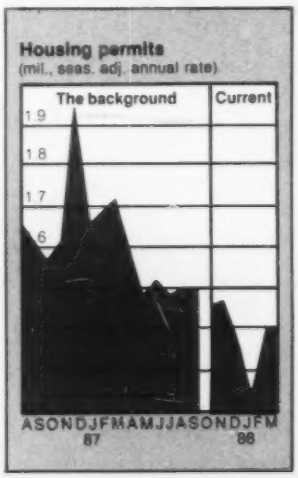
Another reassuring note is in construction which seems to be performing better than expected.

In any case, it appears that new housing activity is beginning to pick up.

Some solid evidence here: The latest 2-month climb in housing permits (see last chart), a leading indicator of housing starts. Another bullish sign in the building sector is the latest increase in construction contracts which are again running close to year-ago levels.

Add in a still basically trim inventory situation and it's easy to see why the NAPM Business Barome-





ter—a time-tested indicator of activity a few months down the road—continues to run well above the neutral 50 mark.

According to NAPM calculations, the year-to-date reading is close to 55. If this pace continues, says Robert Bretz, chairman of NAPM's Business Survey Committee, it should be enough to assure a 3%-plus real GNP advance for the year as a whole.

D&B economic forecast underscores optimism

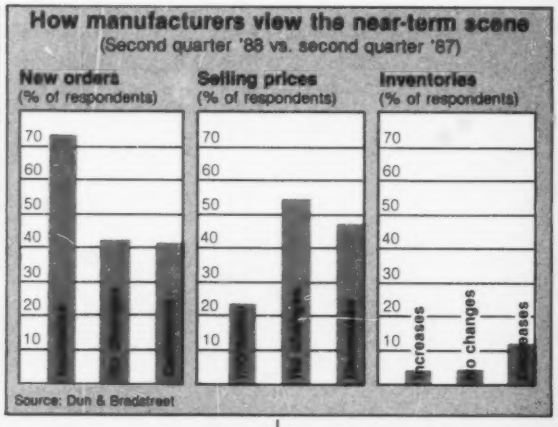
Optimism is still the order of the day—most American businessmen see no slowdown in near-term business activity.

The accompanying chart, detailing the findings of a new Dun & Bradstreet survey of 1,500 top executives, tells the story. Note that in the manufacturing sector, 73% of the respondents expect an increase in April-June orders *vis a vis* a year earlier.

Three months ago when a similar question regarding the first quarter was posed, only 70% were betting on order gains. Also on the positive side as far as demand is concerned: an even more impressive 76% now expect sales to increase this quarter compared to year-earlier levels.

Inflation isn't expected to accelerate either. Some 42% expect their selling prices to be up *vis a vis* last spring (*versus* 54% who see no change and only 4% who anticipate a decline).

The hold-the-price-line scenario is also supported by the fact that profits are expected to continue rising, diminishing the likelihood of big cost pass-throughs. These profit expectations, says Joseph W. Duncan, D & B's corporate economist, are largely attributable to im-



For over three years...

proved efficiency. Firms have improved their productivity and reduced unit costs in order to exploit sales opportunities both here and abroad.

Also worth noting: A slight increase in inventories is suggested by the new survey—41% of manufacturers plan on second quarter increases compared to the 38% reading of three months ago. D & B's Duncan attributes this to continuing growth in export orders.

Inventories staying low

Factory inventories remain in surprisingly good shape—pretty much assuring that any new orders will be quickly translated into new production.

There was some uptick in the overall factory stock/sales ratio during the just-ended first quarter (see chart). But the increase has been very modest. More important, this key measure of day's supply remains far below the norms of recent years.

Zero in on the area of particular concern to buying executives—purchased materials inventories—and the picture is even more encouraging. The latest government stock/sales ratio for this sector is clocked in at only 1.05 months' supply—well under the 1.11 reading of 1987.

Further confirmation of continuing firm control over inventories comes from the latest NAPM Business Survey Committee report. Specifically, buyers' March holdings declined sharply—as firms adjusted stockpiles in line with production needs.

Also worth noting: According to some industry reports, stocks are actually quite low in sectors like machinery which have been experiencing not only improved export demand but also some upturn in domestic orders. And the same snugness seems to be shaping up in instruments.

Here's how analysts at the American Production

we've been moving successfully...

and Inventory Control Society (APICS) sum it all up: "Those industries directly related to consumer spending and housing (transportation equipment, household durables, textiles and construction equipment) continue to show some excesses. For the rest of the manufacturing sector (mainly capital goods and nondurables), inventories are relatively lean."

Behind this "keep 'em lean" trend is an increasing emphasis on just-in-time deliveries and improved forecasting techniques—plus the feeling that while some items might be a bit on the tight side, deliveries can always be arranged in a pinch.

STEEL SCENE

Steel import impact fades

Metal demand, while still buoyant, could be ready to level off a bit.

The evidence comes from the latest service center and steel buyer surveys. Nineteen percent of purchasing managers, for example, report that they expect to cut down on purchases over the next three months—compared to 16% who plan to add to them. This is the first time since last November that negative assessments have prevailed.

To be sure, the latest Steel Service Center Institute (SSCI) study is still positive about near-term business. But it should be noted that fewer are now projecting order gains through early summer—32% now versus 37% one month ago.

Many steel analysts also see shipments falling off—putting totals in the 18-19 million ton/quarter range through 1988. This is about 2.5 million tons under the 21.5 million tons shipped during the first quarter of the year. Keep a close eye on developments here.

Another indication of a breather comes from the SSCI survey that shows 13% of respondents reporting a slowdown in accounts receivable payments. That contrasts to last December when only 1% of respondents said customer payments were less prompt.

SSCI's Andrew G. Sharkey is also a bit concerned about member inventories, noting that stock levels in all product categories have risen significantly in recent months. And while high shipping rates have masked the jump, the higher stocks could be a problem if shipments falter.

This may already be starting to happen in the buyer sphere where PMs now report a 2.05 months' supply—up fractionally from the 2.00 reading of one month earlier and well

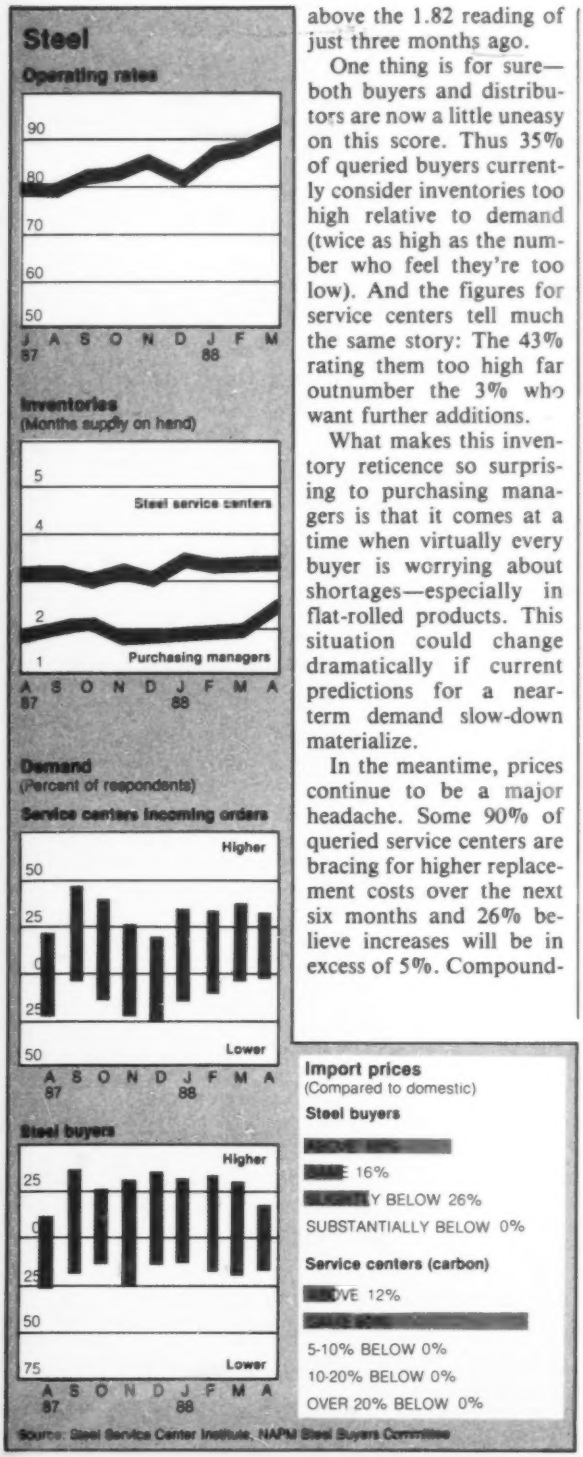
to more U.S. cities...

THIS MONTH'S BREAKDOWN

Index: 1982 = 100

	Latest level (March)	% change from: Month ago	Year ago
Bearings	109.9	−0.3	2.0
Bolts, nuts, etc.	105.2	0.1	2.0
Chemicals, inorganic	98.6	1.4	4.6
Chemicals, organic	103.0	5.0	11.2
Concrete products	109.8	0.2	0.5
Corrugated cartons	106.3	0.5	NA
Cutting tools, small	107.0	−0.1	0.9
Electric lamps (bulbs)	122.2	0.1	0.7
Electronic components	116.0	0.2	1.1
Fans and blowers	112.2	−0.3	1.3
Foundry and forge products	108.1	0.7	2.8
Fuel oil (residual)	42.2	−4.3	−16.1
Furniture, commercial	122.5	1.0	4.3
Gasoline	53.6	−0.4	−2.7
Glass, flat	109.3	0.5	2.3
Glass containers	112.5	0.0	−1.1
Gypsum products	115.0	−0.1	−9.5
Hand tools	119.0	0.3	3.4
Hand tools, power driven	110.6	0.1	1.0
Industrial furnaces	119.1	0.3	4.5
Integrating and measuring instruments	115.8	−0.3	2.5
Internal combustion engines	111.0	0.3	1.6
Lubricating oil	103.7	0.8	5.2
Lumber millwork	120.8	0.5	4.0
Material handling equipment	106.6	0.6	2.6
Metal containers	109.5	1.1	−0.3
Metal mill shapes (nonferrous)	122.0	0.9	22.6
Metal tanks	102.4	2.2	6.8
Motors and generators	119.5	0.1	4.4
Motor trucks	122.7	0.0	3.2
Office and store equipment	106.2	0.4	2.9
Paperboard	127.1	3.5	10.0
Paper boxes and shipping containers	120.3	0.7	5.7
Paper office supplies	113.0	1.4	4.4
Paint	110.6	0.7	2.9
Plastic resins	124.2	1.1	20.3
Precision measuring tools	119.2	0.2	4.3
Pumps and compressors	106.8	0.3	1.7
Refractories	112.4	−0.1	2.3
Rubber belts and belting	104.6	1.8	0.3
Scales and balances	105.0	0.2	1.4
Steel products	107.7	0.5	7.3
Switchgear	112.4	1.1	1.9
Textiles, synthetic fibers	95.5	1.0	4.6
Textiles, gray fabrics	113.2	0.6	9.0
Tires and tubes	93.3	−0.2	3.1
Transformers and power regulators	108.2	0.4	1.2
Welding equipment	115.7	1.0	4.8
Wire and cable	124.1	−4.6	22.1

and our biggest move is still ahead...



above the 1.82 reading of just three months ago.

One thing is for sure—both buyers and distributors are now a little uneasy on this score. Thus 35% of queried buyers currently consider inventories too high relative to demand (twice as high as the number who feel they're too low). And the figures for service centers tell much the same story: The 43% rating them too high far outnumber the 3% who want further additions.

What makes this inventory reticence so surprising to purchasing managers is that it comes at a time when virtually every buyer is worrying about shortages—especially in flat-rolled products. This situation could change dramatically if current predictions for a near-term demand slow-down materialize.

In the meantime, prices continue to be a major headache. Some 90% of queried service centers are bracing for higher replacement costs over the next six months and 26% believe increases will be in excess of 5%. Compounding the problem is the virtual disappearance of import bargains. Not a single distributor reports lower-than-U.S. prices in the carbon steel sector. And only 18% note modest import price breaks in stainless (less than 10%).

The same is true of buyers. The number reporting higher import prices (58%) outweighs the 16% who note no change and the 26% who still are getting slight price breaks.

It is not surprising that imports are expected to play a somewhat smaller role in overall procurement. Buyers who are planning on less overseas dependence now outnumber those looking for more dependence by a margin of better than 2:1. Watch for imports to drop off by about one million tons this year.

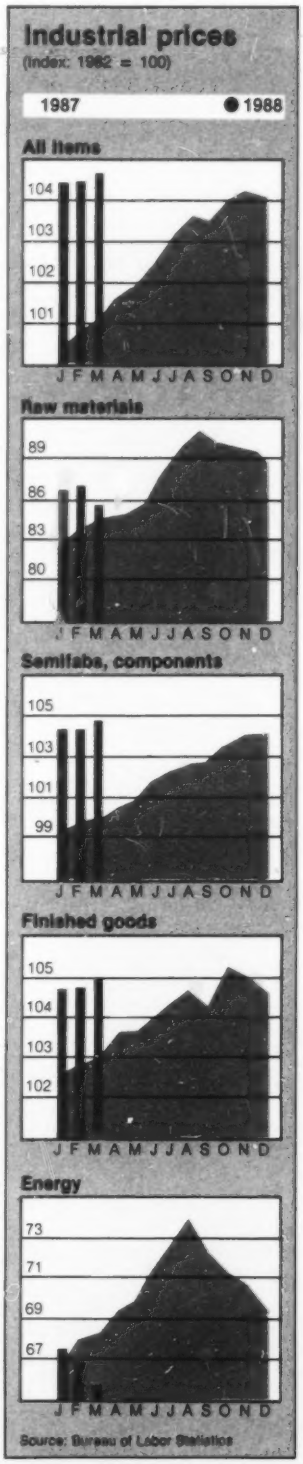
CURRENT PRICES

Commodities vary

The slow increase in industrial price averages continued last month—with Uncle Sam's comprehensive overall index advancing another 0.3% (or 3.6% at annual rate).

But this time around there were significant variations in some of the individual components that make up this closely monitored barometer. While energy quotes continued to soften, chemicals took a sharp upward jump.

Looking first at energy, prices declined another 1.3% on average—led by



falloffs in crude oil, residual fuel, jet fuel, and coal. There were some offsetting strengths—namely in home heating oil, liquid petroleum gas, diesel fuel, and lubricating oils.

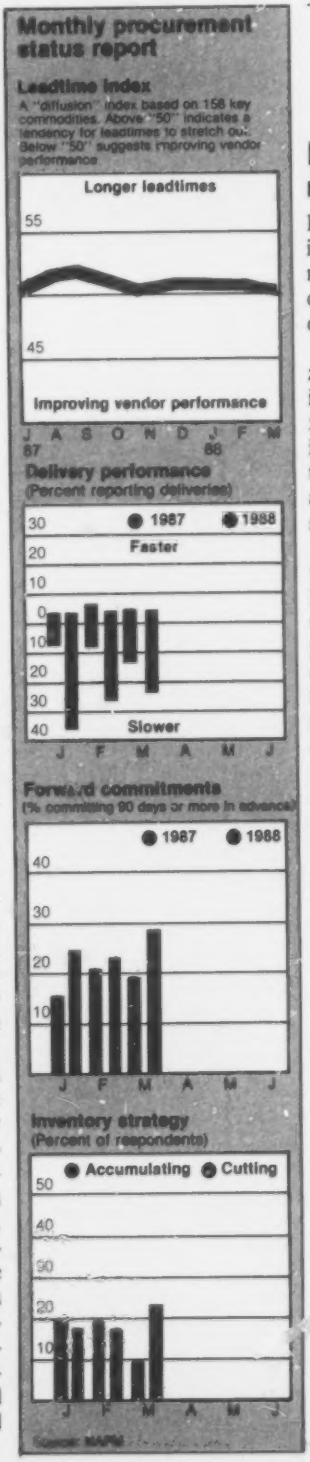
High chemical prices boosted plastic resins tags another 1.1%—increasing averages more than 20% above 1987 prices. These basic resin boosts also helped push up plastic packaging averages.

Paper and paper products continued to move up—though somewhat less sharply than in recent months. By month's end, higher quotes were being posted on paperboard, office supplies, and corrugated boxes.

Metals remained on an upward trend—led by steel mill products, aluminum mill shapes, zinc, and cadmium. Copper quotes topped out—dropping enough to allow for a 4.6% reduction in wire and cable.

Another noteworthy trend: The slow but inexorable acceleration in capital equipment. After remaining steady through much of 1987, prices rose 0.2% a month in early 1988—and last month the pace quickened to 0.4%. These conditions reflect a basic change in market conditions due to better demand and less competition abroad. More important, further increases in this sector seem inevitable.

There were a few areas—aside from energy—where prices actually weakened a bit last month. On the decline were fans and blowers, instruments, plywood, non-ferrous metal ores, and inedible fats and oils.



PROCUREMENT STATUS

Leadtime index now at 50

Leadtimes are stabilizing—a welcome development after the steady increases of the past few quarters.

PurchasingWorld Magazine's exclusive leadtime index is now in the neutral 50 zone (see chart), implying that the stretchouts that have been occurring are now being offset by shrinkages.

Confirmation comes from the latest NAPM Business Survey Committee speed-of-delivery report. An impressive 72% of respondents say there has not been much change in vendor performance over the past month—significantly better than the 66% figure reported two months earlier.

Also note that 47% of the NAPM survey respondents say they are ordering production materials on a 30-day basis—again not much change from the previous month.

This trend toward stabilization is likely to continue—at least over the next quarter. During this period, industrial output should advance at a 3-4% rate. Indications point to basically steady rather than rising factory operating rates over the next few months.

The summer doldrums should provide temporary relief. Vendor delivery performance has traditionally improved in June, July and August. There are still a fair number of procurement problems—most notably in metals, electronic components and a few petrochemicals.

And the longer-term outlook (fall and winter) is far from clear. Should the slower growth pattern continue, there seems to be little concern other than seasonal tightening toward year-end. Should the economy take off, there would be little supply cushion to meet big demand increases.

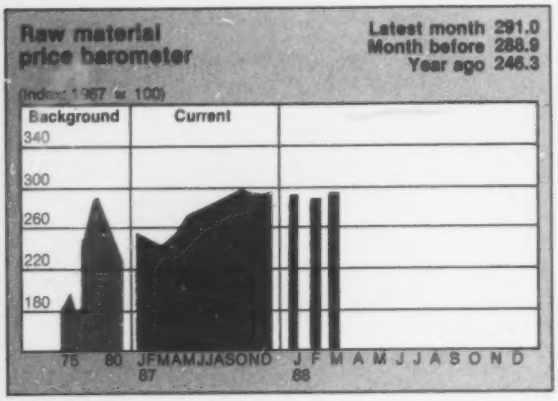
This lingering uncertainty is one reason for *PW's* decision to revise its regular leadtime table. An expanded and more sensitive rundown—based on a substantially larger sample—will become a regular monthly feature—starting in June.

Coming next month...

Steel demand is so strong that some domestic mills can not ship quick enough even though their plants are running at 90% of capacity. Some mills are petitioning the United States Commerce Department for "short supply" licenses that would permit them to import more foreign steel than current import quotas allow.

Some feel that solid transportation price increases are inevitable, particularly following the Teamsters' contract agreement in the trucking industry.

Imports from countries closer to home are looking better to buyers especially in light of the impact of the weaker dollar on the products of off-shore nations.



LATEST SPOT MARKET PRICES

	Latest price	Previous month	Year ago
FERROUS METALS			
Pig iron, basic, valley, gross ton	213.00	213.00	213.00
Pig iron, Bessemer, Pitts., gross ton	213.00	213.00	213.00
Steel, billets, Pitts., net ton	367.00	367.00	367.00
Steel, structural shapes, Pitts., cwt.	23.90	23.90	23.90
Steel, structural shapes, Chi., cwt.	23.90	23.90	23.90
Steel, structural shapes, Los Angeles, cwt.	23.90	23.90	23.90
Steel, bars, dlvd. Phila., cwt., merchant quality	16.50	16.50	16.50
Steel, bars, Pitts., cwt.	16.50	16.50	16.50
Steel, bars, C.R., Pitts., cwt.	19.45	19.45	19.45
Steel, plates, Pitts., cwt.	19.75	19.75	18.25
Steel, plates, H.R., Pitts., cwt.	19.75	19.75	18.25
Steel, sheets, C.R., Detroit, cwt.	28.15	28.15	26.90
Steel, strip, C.R., Chi., cwt.	36.18	36.18	36.18
Steel, basic wire, Pitts., cwt.	23.65	23.65	23.65
NONFERROUS METALS			
Aluminum, ingot, lb. (market place)	1.110	1.025	.630
Antimony, N.Y., dealer, lb.	1.09	1.09	1.12
Beryllium-copper, cost ingot, lb.	5.90	5.90	5.65
Brass, red, 85%, [sheet], lb.	1.76	1.66	1.32
Brass, yellow, [sheet], lb.	1.71	1.61	1.27
Cadmium, N.Y., dealer, lb.	8.50	7.00	0.95
Copper, electrolytic, wire bars, refd., lb.	1.12	1.02	.68
Copper sheet, over 24 in., lb.	1.84	1.74	1.41
Lead, common, N.Y., lb.	.340	.340	.260
Magnesium, pig ingot, [99.8%], lb.	1.53	1.53	1.53
Mercury, 20 fl. lots, N.Y., fl.	345.00	350.00	280.00
Molybdenum, oxide, dealer, lb.	3.70	3.30	3.05
Nickel, cathode, dealer, lb.	8.40	4.65	1.75
Platinum, dealer, oz.	533.00	480.00	576.00
Silver, N.Y., oz.	6.42	6.29	6.90
Tin, N.Y., dealer, lb.	3.19	3.18	3.15
Zinc, Prime West, East St. Louis, lb.	.52	.47	.37
Zinc, die casting alloy, No. 3, lb.	.545	.525	.445
PAPER			
Uncoated book #3 offset, ton	890.00	890.00	890.00
Watermarked bond, ton	985.00	985.00	985.00
Gummed sealing tape, carton	17.42	17.20	16.51
Grocery sacks, ton	435.00	435.00	390.00
Solid bleached paperboard, ton	650.00	650.00	620.00
Kraft linerboard, 42 lb., unbleached, ton	410.00	410.00	350.00
TEXTILES			
Burlap, 10 oz., 40", N.Y., yd.	.280	.278	.242
Cotton drill, 1.85, 59", 68x49, N.Y., yd.	1.22	1.22	1.15
Cotton middling, 1", N.Y., lb.	.613	.586	.540
Printcloth, 43", 80x80, N.Y., spot, yd.	.550	.535	.610
Army duck, 37", 13 oz., yd.	1.510	1.510	1.405
Blended printcloth, 64", 78x54, yd.	.72	.67	.90
20s combed yarns	2.04	2.04	1.77
Wool 64s, Staple, lb.	4.50	4.25	2.55
CHEMICALS			
Acrylonitrile, tanks, lb.	.395	.395	.395
Ammonia, anhydrous, tankcars, Gulf Coast, ton	100.00	100.00	105.00
Benzene, petroleum, tanks, Houston, gal.	1.15	1.10	1.55
Caustic soda, 76% solid, drums, carlots, cwt.	26.00	26.00	26.00
Cresylic acid [over 25%], tanks, lb.	.58	.58	.58
Formaldehyde, USP, 37%, [12% to 15% meth.], tanks, lb.	.106	.106	.106
Glycerine, synthetic, tanks, lb.	.685	.685	.910
Methanol, syn., tanks, 4,000 gals., f.o.b. Gulf Coast plants	.53	.53	.28
Naphthalene, crude, tanks, lb.	.22	.22	.22
Phthalic anhydride, tanks, lb.	.34	.32	.27
Polyethylene resin, low density liner film grade (market place), lb.	.425	.425	.285
Polypropylene, homopolymer grade (market price), lb.	.495	.495	.350
Polystyrene, general purpose grade (market price), lb.	.580	.565	.420
Polyvinyl chloride, pipe grade (market price), lb.	.40	.40	.315
Soda ash, 58%, light carlots, cwt.	6.15	6.15	6.15
Styrene monomer, 99.6%, tanks, lb.	.46	.46	.38
Sulphur, crude, ex-terminal, Tampa, Fla., lt.	127.50	127.50	152.50
Sulphuric acid, 66%, commercial, tanks, ton	66.86	66.86	66.86
Titanium dioxide, anatase, reg., carlots lb.	.80	.80	.77
Xylene tanks, gal.	.890	.760	.795
BUILDING MATERIALS			
Lumber, 2x4 fir, mbf, cl	326.30	323.80	328.05
Lumber 2x2 pine, mbf, cl	332.35	326.00	327.84
Plywood, plyform, ⅜", msf, cl	579.45	568.05	575.00
Plywood, ⅜", msf, c!	415.40	400.25	378.60
Cement, bulk, ton, tl	64.44	64.07	63.66
Sand, ton, cl	7.32	7.32	6.72
Ready-mix concrete, 3,000 psi/cu. yd., 15 cu. yd.	49.04	48.94	48.43
Crushed stone, 1½", ton, cl	8.40	8.37	8.18
Concrete blocks, sand/gravel, 8"x8"x16", ea., tl	0.93	0.93	0.84
Gypsum sheathing, ½"x1"x8", msf, tl	229.93	231.21	206.94
Brick, common, per thousand, tl	204.62	204.62	187.35
Asphalt paving, AC-20	131.99	137.93	128.04
Concrete sewer pipe, 12", prem. joint, per foot, cl	7.57	7.57	7.13
FUELS			
Crude oil (W. Tex Int Cush), bbl.	18.10	16.00	18.45
Diesel (reseller rack, Chi), gal.	.538	.448	N.A.
Fuel oil No. 2 (N.Y.), gal.	.5075	.4600	.4825
Fuel oil No. 2 (Gulf spot), gal.	.4800	.4225	N.A.
Fuel oil No. 6 (N.Y.) contract cargo, bbl.	15.50	16.75	N.A.
Gasoline (reg ided NY), gal.	.5325	.4525	.5060
Gasoline (reg unided NY), gal.	.5200	.4400	.4475
Kerosene (reseller rack, Chi), gal.	.5900	.4930	N.A.
Propane (Mt. Belviu, Tex), gal.	.2450	.2400	.2475
SCRAP MATERIALS			
Steel, No. 1, hvy., dlvd., Pitts., ton	113.00	121.00	77.00
Steel, No. 1 hvy., dlvd., Chi., ton	117.00	117.00	71.00
Copper, No. 1, East, wholesale buy, dlvd., lb.	.925	.920	.575
Copper, No. 2, East, wholesale buy, dlvd., lb.	.845	.840	.495
Brass, red, East, wholesale buy, dlvd., lb.	.885	.880	.535
Brass, yellow, East, wholesale buy, dlvd., lb.	.425	.415	.330
Alum., old sheet/cast, E., wholesale buy, dlvd., lb.	.695	.625	.385
Alum., mixed clip., E., wholesale buy, dlvd., lb.	.785	.710	.420
Zinc, old, East, wholesale buy, dlvd., lb.	.240	.200	.200
Lead, clean solids, East, wholesale buy, dlvd., lb.	.205	.210	.155
Paper, No. 1 mixed, dlr., N.Y., ton	Nom.	Nom.	Nom.
Paper, old corrug. box, dlr., Chi., ton	25.00	25.00	30.00
Paper, old corrug. box, dlr., N.Y., ton	10.00	10.00	25.00
Osnaburg cuttings, dlr., f.o.b. N.Y., lb.	.12	.12	.12
White wipers, No. 1, dlr. buy, f.o.b. N.Y., lb.	.33	.30	.20

[Sources: Metals Week, American Metal Market, Engineering News-Record (20-city averages), Wall Street Journal, Journal of Commerce, Chemical Marketing Reporter.]

trast to 1985 and 1986 when these prices remained relatively unchanged.

■ **Metal cans:** Rising aluminum and steel costs will make for some acceleration here, too. Steel cans are expected to be up 2.6% this year—with steel barrels and drums up by an even larger 5.9%. Some deceleration in the rate of rise is seen for 1989 as increases in the basic metals become smaller—with some corrections possible in aluminum tags.

■ **Glass containers:** Best buys will be here because of a low 1.6% overall projected increase for 1988. Unlike other modes, there could be some acceleration in 1989. Reason: Price hikes in competing modes will give glassmakers an opportunity to beef up margins without suffering market share loss—an opportunity WEFA doesn't believe will be overlooked.

Upshot: The end of the period of relatively flat glass container prices is near. Prices should embark on a steady upward climb this year—and continue through the end of the forecast horizon (late 1989).

Packaging prices going up

Packaging buyers are budgeting for some fair-sized price increases this year. The biggest advances will be centered on corrugated boxes and plastic types. But few modes are expected to escape unscathed.

So say the majority of purchasing managers responding to a new nationwide *PurchasingWorld* magazine packaging survey. They add that most of the upward impetus will come from rising raw material cost pressures—although several feel another year of relatively good demand will also be contributing to higher asking prices.

And there could be more boosts coming before year end. Nearly half of the responding corrugated buyers are bracing for further increases. Many who use plastic films are also anticipating further increases in the months ahead.

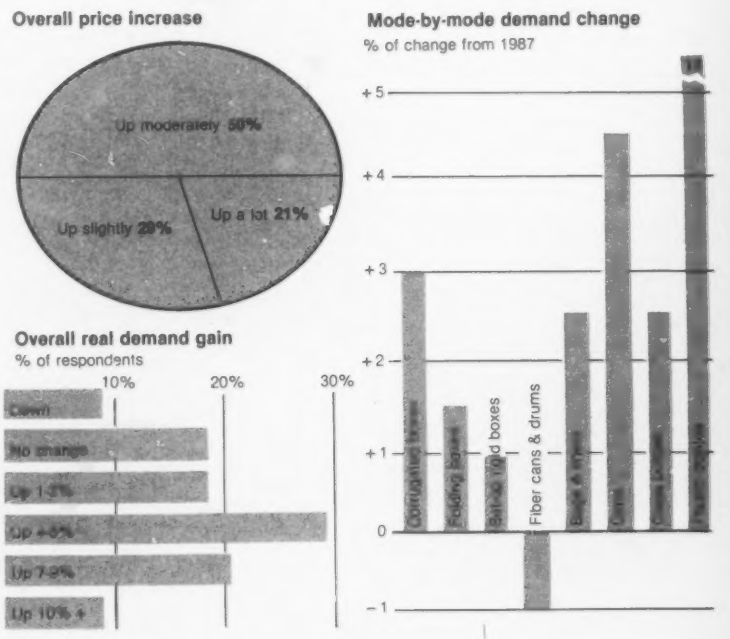
As suggested earlier, demand and cost could be behind some of these increases. *PW* survey respondents, for example, are expecting to increase their intake of packaging materials by 4% this year—actually above the 3.7% gain these same PMs recorded for last year.

The chart gives a more detailed rundown on some of the individual demand patterns anticipated—based on Commerce Department estimates and talks with *PW* survey respondents.

Also worth noting: The *PW* survey suggests that there is now some concern about availability. Roughly one out of every four buyers, for example, feel there could be some problems. Paperboard and plastic films are mentioned most frequently in this respect—as both raw materials operate at close to full capacity.

Another obvious worry is holding the line on cost increases. To keep price boosts down, buyers are leaving no stone unturned—stepping up their efforts at redesign, the use of lighter gauge materials, substitution and the use of more long-term contracts.

How 1988 packaging trends shape up



Source: PurchasingWorld, U.S. Commerce Dept.